



**California Association Of Mutual Water Companies Joint Powers Risk And Insurance Management Authority**

Board Meeting Minutes - Tuesday, February 20, 2024 – 1:30 P.M.

Zoom Meeting

<https://us06web.zoom.us/j/83160687883?pwd=VmNCVGY0ZktyQzdZbHlIQk5aQmQrUT09>

Meeting ID: 831 6068 7883 Passcode: 125670

**AGENDA**

1. Call to Order. President Michalko called the meeting to order at 1:32 PM.
2. Roll Call of Authority Members

<p><i>Present:</i> Dave Armstrong, South Mesa Water Company Dave Michalko, Valencia Heights Water Company – <i>President</i> Lynda Noriega, California Domestic Water Company Dave Pedersen, Las Virgenes Municipal Water District– <i>Vice President</i> Ken Tcheng, Sunny Slope Water Company Marina West, Bighorn-Desert View Water Agency - <i>Treasurer</i> Lisa Yamashita-Lopez, Rubio Cañon Land and Water Association</p> <p><i>Absent:</i> Ken Bradbury, Montebello Land and Water Company – <i>Secretary</i> Doug Nunneley, Oildale Mutual Water Company</p>	<p><i>Staff:</i> Susan Allen, Chief Executive Officer Karina Cervantez, CalMutuals Managing Director Jim Ciampa, General Counsel Paul Fuller, Insurance Administrator Gloria Galindo, Financial Manager Chase Gilmore, Insurance Administrator Adan Ortega – Communications Director George Pappas – Insurance Administrator Ceili Tuttle, CalMutuals &amp; JPRIMA Staff Tim Worley, CWSA Managing Director</p> <p><i>Members:</i> Steve Lenton, Bellflower-Somerset Mutual Water Company</p>
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3. Public comment. No public comment.
4. Approval of the Minutes of the JPRIMA Board Meeting on January 16, 2024. On a motion by Director Armstrong, seconded by Director Noriega, the minutes of the January 16, 2024 Board of Directors meeting were unanimously approved by roll call vote.
5. President’s Report.
  - a. *Update on the IRS response to refund requests.* CEO Susan Allen informed the Board that staff has received further rejection of amended returns from the IRS for years filed longer than three years ago. The IRS has sent notification that the Authority’s 2022 request for refund advising that additional time is required to review the request.

6. Consideration and Approval of Demand Sheet. Treasurer West reviewed the Demand Sheet included in the Board of Directors' meeting packet. This month's demands include typical management and legal consulting fees and the Authority's grant to CalMutuals. On a motion by Vice President Pedersen, seconded by Director Tcheng, the Board unanimously approved the Demand Sheet as presented by roll call vote.
7. Financial Report. Treasurer West shared an overview of the financial reports included in the Board meeting packet. She noted the Workers Compensation commission will be in the next financial report. On a motion by Director Armstrong, seconded by Director Noriega, the Board unanimously approved the financial report for receipt and filing by roll call vote.
8. Review and Potential Approval of Staff Recommendation regarding Investment of Reserve Funds.
  - a. CEO Allen shared options available to the Authority to invest the Authority's cash reserves. After reviewing available alternatives, the Board determined that investing those funds in a certificate of deposit or a money market account through Ameriprise will provide the best return. On a motion from Vice President Pedersen, seconded by Director Tcheng, the Board unanimously approved proceeding with the reserve investment of \$500,000 in a money market account with Ameriprise.
9. Chief Executive Officer's Report.
  - a. *CalMutuals January Grant-Related Activity Report.* CEO Allen provided an overview of the grant related activity report for the period ending January 31, 2023, included in the Board meeting packet.
  - b. *2023 Annual Report.* CEO Allen reported that staff is working to draft the Authority's 2023 annual report and will plan to share the draft for Board feedback at the March meeting.
  - c. *CAJPA Accreditation Review Update.* CEO Allen reported that she is scheduling a call with President Michalko, Insurance Administrator Fuller and Legal Counsel Ciampa to clarify what else is needed from the Authority in connection with the CAJPA Accreditation Review.
10. Insurance Administrator's Report.
  - a. *Insurance Report for period ending January 31, 2024.* Insurance Administrator Gilmore reviewed the insurance report included in the Board meeting packet and reported seven new members, Valley of Enchantment Mutual Water Company, Reclamation District No. 404 - Boggs Tract, Butano Canyon Mutual Water Company, Anderson-Cottonwood Irrigation District, Lindsay Strathmore Memorial District, Lindsay-Strathmore Irrigation District, and Boulevard Heights Mutual Water Company.
  - b. *Update of the Industry from Insurance Administrator Paul Fuller.* Insurance Administrator Paul Fuller reported to the Board that it is currently a busy period across associations. There have been several inquiries to JPRIMA from prospective insureds currently insured by other agencies, after those other insurance agencies have declined coverage.

11. Authorization of Workers Compensation Dividend. Insurance Administrator Fuller reported to the Board that JPRIMA, in partnership with *The Zenith Insurance Company*, is able to declare a dividend for the sixth consecutive year. He noted that *The Zenith* suggested that JPRIMA continue distributing the dividend at 7.5% of the annual premium. Insurance Administrator Fuller confirmed that *The Zenith* and JPRIMA will co-brand the distribution letter to the membership. He further shared that *The Zenith* is willing to cut and mail all the checks and recommended this approach. On a motion by Treasurer West, seconded by Director Yamashita-Lopez, the Board unanimously approved to authorize the Workers Compensation dividend at 7.5% of the annual premium by roll call vote.
12. Consideration and Potential Approval of Carrier for 2024 Cyber Insurance Program Partner and related New Program Terms and Potential Financial Contribution. Insurance Administrator Fuller updated the Board on the changes to the Authority's Cyber Insurance Program. Moving forward, the Authority will no longer partner with Lloyds of London, and instead, Insurance Administrator Fuller is working with a domestic cyber insurance program. Insurance Administrator Fuller noted that this change is due to the difficulty to secure cyber insurance for targeted industries like water. Furthermore, what JPRIMA would be offering is a master policy: a \$1 million limit for each member with a \$10 million aggregate limit. The carrier is also allowing a one-time reinstatement in a 12 month period for an additional \$10 million in limits, which would require an additional premium. Insurance Administrator Fuller shared that the JPRIMA deductible would range from \$5,000 (system with revenue below \$10 million) to \$10,000 (systems with revenue between \$10 million and \$20 million). He further noted that this is a master policy and a deposit premium guarantee of \$100,000 is required, which will be shared equally between Allied Public Risk and JPRIMA. If over \$100,000 in premiums are received, that guarantee would be refunded. Insurance Administrator Fuller emphasized the importance of the directors' companies and districts to participate in this program. On a motion by Vice President Pedersen, seconded by Treasurer West, the Board unanimously approved the new Cyber Insurance Program by roll call by a 6-0 vote, as Director Noriega departed the meeting at approximately 2:00 p.m.
13. Legal Counsel's Report. General Counsel Ciampa reported that he is reviewing all the new bills of interest that have been introduced. There will be more to report at coming Board meetings.
14. Communications Report. Communications Director Adan Ortega shared with the Board the idea of a cybersecurity webinar, inviting key industry actors, such as Retired Two-Star U.S. Army General Mark Toy who is now the general manager at Yorba Linda Water District and formerly served in the Army Corps of Engineers, to their related valuable experience. The Authority can then distribute the recording online as a "Best Practice."
15. Update on Proposed Legislation by California Water Association concerning Authorization of Public Utilities to Participate in Joint Powers Insurance Authorities. CalMutuals Managing Director Karina Certvantez shared updates on the California Water Association (CWA) bill, co-sponsored by JPRIMA, Assembly Bill 2735 (B. Rubio). She noted the bill is not going to be heard in a policy committee until after March 13, and in the meantime board staff is tracking the bill. President Michalko asked for CEO Allen, Insurance Administrator Fuller, and General Counsel Ciampa to collaborate for language on promoting the bill and JPRIMA's co-sponsorship.
16. Director Comments. No Director comments.

17. Adjournment. President Michalko adjourned the meeting at 2:40 PM.

SECRETARY'S CERTIFICATE:

I certify that the foregoing is a true and correct copy of the minutes approved by the Board of Directors.

  
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Susan E Allen, CalMutuals JPRIMA Assistant Secretary

May 15, 2024

Date

Affirmed By:

  
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P. David Michalko, CalMutuals JPRIMA President

May 15, 2024

Date